

Education and Workforce Development Cabinet

Kentucky's unemployment rate down in December 2013

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FRANKFORT, Ky. (Jan. 23, 2014) — Kentucky's seasonally adjusted preliminary unemployment rate fell to 8 percent in December 2013 from a revised 8.2 percent in November 2013, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary December 2013 jobless rate was the same as the rate recorded for the state in December 2012.

The U.S. seasonally adjusted jobless rate went down to 6.7 percent in December 2013 from 7 percent in November 2013, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In December 2013, Kentucky's civilian labor force was 2,047,213, a decrease of 11,634 individuals compared to the previous month. Employment dropped by 5,671, while the number of unemployed people decreased by 5,963.

"Kentucky's labor market has been shrinking for the last six months. The labor force, which includes people who are either employed or are looking for work, is now at the same level as five years ago in December 2008. The number of employed has also decreased, but not by as much, and that has caused the unemployment rate to drop to 8 percent," said economist Manoj Shanker of the OET.

"The decline is a combination of demographic changes, notably the retirement of baby boomers, and the 'discouraged worker syndrome' in which individuals leave the workforce because they don't have the skills needed for the job market or are otherwise disenchanted," he added.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment increased by 5,500 jobs to 1,842,800 in December 2013 from the previous month. On an over-the-year basis, the state's nonfarm employment has added 6,100 jobs.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, five of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while five declined and one stayed the same from the month.

Kentucky's professional and business services sector added 4,900 jobs in December 2013. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last December, jobs in the sector have increased by 14,500.

"The sharp spike in the hiring of temporary long-term employees is at the expense of employment in manufacturing and health services. Businesses are increasingly using staffing agencies for job openings before making permanent hiring commitment," said Shanker.

Kentucky's trade, transportation and utilities sector grew by 4,200 jobs in December 2013. This is the largest sector in Kentucky with 376,000 positions, and accounts for about 20 percent of nonfarm employment. Since December 2012, jobs in this sector have declined by 1,500.

"The month-over-month increase was spread evenly across wholesale trade, retail, and transportation, warehousing and utilities. Each of these subsectors added 1,400 jobs," said Shanker.

The educational and health services sector increased by 300 positions in December 2013. The sector has risen by 1,200 jobs since December 2012.

The state's leisure and hospitality sector posted a gain of 100 jobs in December 2013. Since December 2012, the sector has grown by 3,400 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

Employment in the mining and logging sector rose by 100 from November 2013 to December 2013. The number of jobs in this sector has dropped by 700 since last December.

The information sector remained flat in December 2013. This segment has declined by 1,700 positions since December 2012. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, was down by 200 positions in December 2013. Compared to a year ago, there has been a loss of 2,700 jobs.

The government sector, which includes public education, public administration agencies and state-owned hospitals, decreased by 300 jobs in December 2013. The sector had 800 fewer jobs compared to December 2012.

The state's manufacturing sector lost 700 positions in December 2013. Since December 2012, employment in manufacturing has fallen by 2,900 jobs.

"Manufacturing output is rising in Kentucky, but employment has dropped from a recent peak in April 2013. Employment patterns have shifted so that manufacturing companies tend to favor outsourcing in some key areas of the manufacturing businesses like legal and accounting services," said Shanker. "This helps to keep costs under control and statistically moves jobs out of manufacturing and into the business services sector."

The construction sector fell by 1,400 positions in December 2013 from a month ago. Since December 2012, employment in construction has dropped by 2,100 jobs.

The financial activities sector declined by 1,500 jobs in December 2013. Compared to December a year ago, businesses involved in finance, insurance, real estate and property leasing have decreased by 600 jobs.

“A sharp drop in refinancing activity forced banks to cut jobs. The number of loan originations fell by almost 30 percent in the final quarter of 2013,” said Shanker.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.